SYBIM SEM IV   SAPM -II   Time 2 ½   Marks 75

Q.1 a) State whether the following statements re True or false: (any 8)   8 Marks

1. Fundamental analysis is a method of evaluating a security.
2. Price level and inflation affect the economy of the country.
3. As per random walk theory, changes in stock price are independent of each other.
4. The semi- strong EMH also incorporates the weak-form hypothesis.
5. Noise trading refers to trading on noise and not on fundamentals.
6. The capital market theory is major extension of the portfolio theory of Markowitz.
7. Examples of solvency ratio include current ratio and quick ratio.
8. Support level is the upper price level at which demand for shares gains momentum.
9. Strong form covers the least amount of information.
10. All security factors are determined by CML.

Q.1 b) Match the following (any 7)   7 Marks

Group A	Group B
1. Capital Market line	a)Stephen Ross
2. Tool used in technical analysis	b)Weak Market
3.Arbitage Pricing Theory	c) tangent line drawn from the point of the risk – free asset
4.Profitability ratio	d) graphs
5. correlative pattern	e) Concave in shape
6.Efficiency ratio	f)reaction waves
7.CAPM	g)Gross profit ratio
8.Bear Market	h) long term view of security pricing
9.Efficient frontier	i) William Sharpe
10.Fundamental Analysis	j)Assets turnover ratio

Q.2 Following is the Balance sheet of Hitesh Ltd. as on 31st December 2018.   (15 Marks)

Liabilities	Rs.	Assets	Rs.
Equity Share Capital @ Rs. 10 each	8,00,000	Land & Building	6,00,000
Reserve & Surplus	2,00,000	Plant & Machinery	5,00,000
8 % Debenture	5,00,000	Stock	2,60,000
Creditor	2,00,000	Debtors	3,00,000
Proposed Dividend	80,000	Cash and Bank	1,20,000
	17,80,000		17,80,000

Additional Information:

a) Cost of Goods Sold = Rs. 18,00,000
b) Administrative and other expenses = Rs. 2,00,000
c) Sales = Rs. 30, 00,000.
d) Net Profit After Tax = Rs. 4,00,000
e) Market Price of the Company's share = Rs.50 per Share.

You are required to calculate:

1. Return on Equity
2. Dividend Yield Ratio.
3. Dividend Payout Ratio
4. Net Profit Margin
5. Debt Equity Ratio.
6. EPS.
7. P/E Ratio
8. Gross Profit Ratio.

OR

Q.2 a) Balance sheet of Bajaj Auto limited as on 31-12-2012 was as follows: (15 Marks)

Liabilities	Rs.	Assets	Rs.
Equity Share Capital	80,000	Plant & Machinery	48,000
Capital Reserve	16,000	Land & Building	80,000
8 % loan on mortgage	64,000	Furniture & Fixture	32,000
Creditors	32,000	Stock	24,000
Bank Overdraft	8,000	Debtors	24,000
Bills Payable	16,000	Investments (Short-Term)	8,000
Profit & Loss A/C	24,000	Cash in hand	24,000
	2,40,000		2,40,000

From the above Compute:

a) Current Ratio
b) Quick Ratio
c) Debt-Equity Ratio
d) proprietary Ratio
e) Capital Gearing Ratio

Q.3 a) The expected return and beta factors of three securities are as follows: (8 Marks)

Particular	Average Return (%)	SD	Beta
1	15%	0.25	1.25
2	14%	0.25	1.75

3	12%	0.20	1.0
Market Index	12%	0.25	1.0

Risk free return is 9% Compute expected return as per Capital Asset Pricing Model (CAPM)

b) Discuss Arbitrage Pricing Theory.   (7 Marks)

OR

Q.3 c) The expected return and Beta of Three securities are as follows: (8 Marks)

Securities	A	B	C
Expected Return (%)	15.0	11.0	18.0
Beta Factor	1.5	0.6	1.8

If risk free rate is 9 % and market return are 14 % which of the above securities are over, under or currently valued in the market? What should be your strategy?

d) Distinguish between CML and SML   (7 Marks)

Q.4 a) what is technical analysis? Explain its principles.   (8 marks)

b) Explain Elliot Wave Theory   (7 Marks)

OR

Q.4 c)Calculate the degree of operating leverages, degree financial leverages and degree of Combine leverages for the following firms.   (8 Marks)

Firm	A	B	C
Output (units)	50,000	20,000	10,000
Fixed Cost (Rs.)	16,000	10,000	20,000
Variable Cost per unit (Rs.)	2	2.50	5
Interest (Rs.)	5,000	10,000	7,000
Selling Price Per unit (Rs.)	5	4	10

d) Explain Dow theory?   (7 Marks)

Q.5 a) Discuss the chart pattern in technical analysis? (8 marks)

b) What are the factors affecting stock return?   (7 Marks)

OR

Q.5 Write short notes (Any 3)   (15 Marks)

1. Standard Deviation
2. EMH
3. Market Indicators
4. Moving Average
5. Industry Life cycle